



State of California

Employment Training Panel

Arnold Schwarzenegger, Governor

October 1, 2008

Anil Kumar, Director, Quality & Business Excellence
Flextronics America LLC
1077 Gibraltar Drive, Bldg. 7
Milpitas, CA 95035

Transmitted Electronically.

Dear Mr. Kumar:

RE: FINAL VISIT REPORT for Flextronics America LLC – ET07-0128

Date of Final Visit:	9/24/08
Beginning/Ending Time:	10:30 a.m. – 12:40 p.m.
Date of Last Visit:	2/13/08
Visit Location:	Company facility in Milpitas, CA.
Persons in attendance:	Anil Kumar and Esther Zepeda of Flextronics; Lisa Douglas of California Training Administration (CTA), the administrative contractor; and Diane Woodside, your ETP analyst
Action Required:	No

CONTRACT INFORMATION:

Term of Agreement:	09/11/06 – 09/10/08	Agreement Amount:	\$1,485,000
Type of Trainee:	Retrainee	No. to Retain:	1,650
Date Training must be completed:	9/8/08*	Range of Hours:	24 - 200
ETP Hourly Reimbursement	\$18 for class/lab;\$26 for Advanced Tech.: \$8 for CBT	Weighted Ave. Hours:	50

*Note: the training period was extended for this Agreement to allow training to occur until the day before the Agreement ends because of delays beyond the Contractor's control. A letter from the SF Bay Area Regional Manager approving this change is on file.

Background: This proposal, approved by the Panel in July 2006, was initially for Soletron Corporation, which was purchased by Flextronics during the Agreement term. The company's core competencies include integrated design, manufacturing and support services for customers in the network equipment, telecommunications, workstation, mainframe and personal computer, computer peripheral, test/control and semiconductor equipment industries. The plan was to retrain 1,650 California employees in areas focusing on new company initiatives including: the move into the medical device, aerospace and defense markets; the production of wireless technology and networking equipment; the restriction of hazardous chemicals; a new enterprise resource planning software system; and the implementation of advanced quality and lean manufacturing principles.

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FINAL REPORT SUMMARY:

HISTORY OF AGREEMENT CHANGES: There were two revisions to this Agreement to modify the curriculum to add courses. One additional request was received late in the Agreement term to include the temp to permanent language in the Agreement because approximately 30 trainees moved to permanent status prior to their retention period. The ETP analyst was unable to prepare the modification prior to the expiration of the Agreement. Thus, the following language will be applied to this Agreement per this report: **Flextronics America LLC will be able to receive reimbursement for those trainees employed by a temporary agency during training and hired on a permanent full-time basis before starting retention.**

Flextronics representatives report that it has retained a total of 1,109 trainees who completed training for expected earnings of at least \$1,390,000 (94 percent of the total Agreement amount of \$1,485,000). The analyst believes that the high earnings and program's success results from this company's commitment to training of its frontline workers. Final earnings could be as high as 100% of the Agreement amount and will be based on approved retentions by the Panel's Fiscal Unit. The fiscal close-out invoice will not be submitted until late December 2008 since the 90-day retention period can occur as late as 12/8/08.

FINAL VISIT QUESTIONS (Bolded responses received via email from you):

- What barriers, if any, did your company experience in implementing your ETP project?

We really did not face any barriers for ETP implementation. Associates were happy that along with the company, the State was providing a helping hand to train all of our team members with the given economic conditions. There were some challenges posed by internal developments – the merger of Solectron and Flextronics as the training had to be rescheduled couple of times.

- What problems, if any, did your company experience with ETP record keeping?

Again, more problems were regarding our internal developments. Our training server was migrated couple of times and was managed by a third party and each time we had to redo all the records. Also the formats were different so we had to merge a couple of documents to submit in the format needed for ETP submission. This was a tedious effort.

- What assistance could ETP have provided that would improve the process for future Contractors?

We would like to compliment ETP on their efforts to support organizations to enhance their ability to provide training to their employees. We found that responses and the disbursement of the grant from ETP was timely and within reasonable time frames.

It would be very beneficial if we had the ability to drop trainees in batches. Currently the process is to pick from the list of enrolled trainees and highlight the trainees to be dropped. This can be a timely task when you have over 700 trainees with progress payments that need to be dropped in order to complete your final invoice.

- How did your company benefit from the ETP training?

With the support we had from ETP, we were able to enhance our training efforts to all our employees, irrespective of the prevailing economic conditions. During scheduling the training, we also were able to get excellent trainers from local community colleges and universities thus sharing our ETP support to the community.

ATTENDANCE ROSTERS:

The primary purpose of this visit was to review a significant sample of original classroom rosters for those trainees for whom the company expects to earn reimbursement. All rosters reviewed meet ETP requirements. The company can also print out a report of CBT completions by trainee name, date completed, course title, and the standard hours requested for reimbursement.

Please note that the finding that the ETP documentation is in order is based only on the training records reviewed during this visit and represents only a limited sample of the training records completed to date. It is Flextronic's responsibility to ensure that all training records are in compliance with Panel requirements for auditing purposes.

Subcontractor Information Has Been Entered Online:

Information on 21 training vendors and the administrative subcontractor has been entered into the ETP on-line system as required.

INFORMATION ON ETP AUDIT PROCEDURES:

ETP conducts audits on completed projects on a sample basis. Thus, Flextronics may or may not be audited. Should it be chosen for an audit, Flextronics America, LLC will be notified in writing and informed if the audit will be conducted either at your site (field audit) or by telephone if selected for a desk audit (or "review"). These notifications will be sent in advance to allow ample preparation time and will include a list of documentation that will be examined by the auditor. A list of the documentation typically examined during an audit will be included along with the Audit Notification and Audit Confirmation letters. To provide support of training, original training attendance documentation is required; photocopied records are not acceptable. Listed below are types of records typically requested during an ETP field audit:

- Training attendance records such as rosters, sign-in sheets, etc.
- Payroll records of individual trainees to verify wage and hours worked
- Personnel records regarding occupation and dates of employment

RECORD RETENTION:

Records must be retained within your control and be available for review at your place of business within the State of California. This responsibility will terminate no sooner than four (4) years from the date of the termination of the Agreement or three (3) years from the date of the last payment by ETP to the Contractor, or the date of resolution of appeals, audits, claims, exceptions, or litigation, whichever is later.

If you have any questions or comments regarding the information in this letter, please contact Diane Woodside, at 650-655-6935 or at dwoodside@etp.ca.gov, within ten (10) working days from the receipt date of this letter.

Sincerely,



Creighton Chan, Manager
San Francisco Bay Area Regional Office



Diane Woodside, Account Analyst
San Francisco Bay Area Regional Office

cc: John Le, Flextronics General Manager & Agreement Signatory
Esther Zepeda, Training Administrator, Flextronics
Lisa Douglas, CTA
David Guzman, ETP Operations Chief
Brian McMahon, Executive Director
Kulbir Mayall, ETP Fiscal Unit
Chuck Rufo, ETP Audit Unit
Master File
Project File

Date report emailed to Contractor 10/3/08